

EXHIBIT 10

KACC 2001 10-K

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FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D C 20549

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended December 31, 2001 Commission file number 1-3605

KAISER ALUMINUM & CHEMICAL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 94-0928288
(State of Incorporation) (I R S. Employer Identification No)

5847 SAN FELIPE, SUITE 2600, HOUSTON, TEXAS 77057-3010
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code. (713) 267-3777

Securities registered pursuant to Section 12(b) of the Act

Title of each class -----	Name of each exchange on which registered -----
Cumulative Convertible Preference Stock (par value \$100)	
4 1/8% Series	None
4 3/4% (1957 Series)	None
4 3/4% (1959 Series)	None
4 3/4% (1966 Series)	None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

As of March 15, 2002, there were 46,171,365 shares of the common stock of the registrant outstanding, all of which were owned by Kaiser Aluminum Corporation, the parent corporation of the registrant.

Documents Incorporated By Reference
None

NOTE

Kaiser Aluminum & Chemical Corporation's Report on Form 10-K filed with the Securities and Exchange Commission includes all exhibits required to be filed with the Report. Copies of this Report on Form 10-K, including only Exhibit 21 of the exhibits listed on pages 96 - 104 of this Report, are available without charge upon written request. The registrant will furnish copies of the other exhibits to this Report on Form 10-K upon payment of a fee of 25 cents per page. Please contact the office set forth below to request copies of this Report on Form 10-K and for information as to the number of pages contained in each of the exhibits and to request copies of such exhibits

Corporate Secretary
Kaiser Aluminum & Chemical Corporation
5847 San Felipe, Suite 2600
Houston, Texas 77057-3010
(713) 267-3777

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PART I

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Net gains from power sales (Note 7)	Primary Aluminum	\$ 229.2	\$ 159.5	\$
Restructuring charges	Bauxite & Alumina	(15.8)	(.8)	-
	Primary Aluminum	(7.5)	(3.1)	
	Flat-Rolled Products	(10.7)	-	
	Corporate	(1.2)	(5.5)	
Contractual labor costs related to smelter curtailments (Note 7)	Primary Aluminum	(12.7)	-	
Labor settlement charge	See below	-	(38.5)	
Impairment charges associated with product line exits	Flat-Rolled Products	-	(12.6)	
	Engineered Products	-	(5.6)	
Other impairment charges (Note 5)				
Trentwood equipment	Flat-Rolled Products	(17.7)	-	
Washington smelters	Primary Aluminum	-	(33.0)	
Micromill	Micromill	-	-	(
Gramercy related items.				
Incremental maintenance	Bauxite & Alumina	-	(11.5)	-
Insurance deductibles, etc	Bauxite & Alumina	-	-	(4.0)
	Corporate	-	-	
LIFO inventory charge (Note 2)	Bauxite & Alumina	-	(7.0)	-
		\$ 163.6	\$ 41.9	\$ (
		=====	=====	=====

During 2001, the Company launched a performance improvement initiative (the "program") designed to increase operating cash flow, generate benefits and improve the Company's financial flexibility. The program resulted in restructuring charges totaling \$35.2 which consisted of \$17.9 of employee benefit and related costs for a group of approximately 355 salaried and hourly job eliminations (\$3.8 of costs and job eliminations of 230 in the fourth quarter of 2001), an inventory charge of \$5.6 (see Note 2) and third party consulting costs of \$11.7 (\$4.4 in the fourth quarter of 2001). As of December 31, 2001, approximately 140 of the job eliminations had occurred. It is anticipated that the remaining job eliminations will occur during the first quarter of 2002 or soon thereafter. Approximately \$7.7 of the employee benefit and related costs were cash costs that have been incurred or will be incurred during the first quarter of 2002. The balance of the employee benefit and related costs represent increased pension and post-retirement medical costs that will be funded over longer periods. Additional cash and non-cash charges may be required in the future as the program continues. Such additional charges could be material.

The 2000 restructuring charges were associated with the Primary aluminum and Corporate segments' ongoing cost reduction initiatives. During 2000, these initiatives resulted in restructuring charges for employee benefit and other costs for approximately 50 job eliminations at the Company's Tacoma facility and approximately 50 employee eliminations due to consolidation or elimination of certain corporate staff functions. At December 31, 2001, all job eliminations associated with these initiatives had occurred.

From September 1998 through September 2000, the Company and the United Steelworkers of America ("USWA") were involved in a labor dispute as a result of the September 1998 USWA strike and the subsequent "lock-out" by the Company in February 1999. The labor dispute was settled in September 2000. Under the terms of the settlement, USWA members generally returned to the affected plants during October 2000. The Company recorded a one-time pre-tax charge of \$38.5 in 2000 to reflect the incremental, non-recurring impacts of the labor settlement, including severance and other contractual obligations for non-returning workers. The allocation of the labor settlement charge to the business units was Bauxite and alumina - \$2.1, Primary aluminum - \$15.9, Flat-rolled products - \$18.2 and Engineered products - \$2.3. At December 31, 2001, approximately \$30.0 of such costs had been paid. It is anticipated that substantially all remaining costs will be incurred during 2002.

The \$12.6 impairment charge reflected by the Company's Flat-Rolled products segment in 2000 included a \$11.1 LIFO inventory charge (see Note 2) and a \$1.5 charge to reduce the carrying value of certain assets to their estimated net realizable value as a result of the segment's decision to exit the can body stock product line. The \$5.6 impairment charge recorded by the Company's Engineered products segment in 2000 included a \$.9 LIFO inventory charge and a \$4.7 charge to reduce the carrying value of certain machining facilities and assets, which were no longer required as a result of the segment's decision to exit a marginal product line, to their estimated net realizable value.

The incremental maintenance charge in 2000 consisted of normal recurring maintenance expenditures for the Gramercy facility that otherwise would have been incurred in the ordinary course of business over a one to three year period. The Company chose to incur the expenditures prior to the restart of the